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Note verbale dated 25 April 2014 from the Permanent Mission of Mongolia to the United Nations addressed to the Chair of the Committee

The Permanent Mission of Mongolia to the United Nations presents its compliments to the Chair of the Security Council Committee established pursuant to Security Council resolution 1718 (2006) and has the honour to submit herewith the report of the Government of Mongolia in accordance with Security Council resolutions 1718 (2006), 1874 (2009), 2087 (2013) and 2094 (2013) (see annex).

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Annex to the note verbale dated 25 April 2014 from the Permanent Mission of Mongolia to the United Nations addressed to the Chair of the Committee

National report of the Government of Mongolia on the implementation of Security Council resolutions 1718 (2006), 1874 (2009), 2087 (2013) and 2094 (2013)

As a full-fledged Member of the United Nations, Mongolia supports Security Council resolutions 1718 (2006), 1874 (2009), 2087 (2013) and 2094 (2013) on restriction measures with regard to the Democratic People's Republic of Korea and is fully committed to their implementation. Mongolia prepared its initial report on the implementation of resolution 1718 (2006) and submitted it in March 2007 to the Security Council Committee established pursuant to the same resolution. This second national report covers measures undertaken by the Government of Mongolia in the implementation of resolutions 1718 (2006), 1874 (2009), 2087 (2013) and 2094 (2013). In preparing this report, due attention was given to the Guidelines on the Preparation and Submission of National Implementation Reports updated on 22 October 2013 and to using the optional checklist template contained therein.

1. **Prevent the direct or indirect supply, sale or transfer to the Democratic People's Republic of Korea of:**

(a) **All arms and related materiel (except for small arms and light weapons);**

(b) **Nuclear, ballistic missile or other weapons-of-mass-destruction-related items or technology;**

(c) **Luxury goods;**

(d) **As called upon and allowed, prevent the direct or indirect supply, sale or transfer to the Democratic People's Republic of Korea of any item, upon its determination, that could contribute to prohibited programmes or activities or evasion of sanctions.**

Mongolia does not possess facilities for manufacturing or producing weapons and ammunition. It has never developed, produced, acquired, possessed or stockpiled, or otherwise had control over nuclear weapons, ballistic missiles or other weapons-of-mass-destruction-related items or technology. Under the provisions of bilateral agreements that Mongolia has concluded with weapon-exporting States, the re-export of weapons and related materials without the consent of the country of origin is prohibited.

In addition, the following legislative acts on export and import controls relevant to resolution 1718 (2006) were already in place:

- The 2000 law of Mongolia on its nuclear-weapon-free status is an important tool to control nuclear-related materials. The law prohibits any individual, legal person or foreign State to transport through the territory of Mongolia nuclear weapons or parts or components thereof, as well as nuclear waste or any other nuclear material designed or produced for weaponry purposes (article 4.2);

- Resolution No. 5 of the Parliament of Mongolia (8 January 1998) incorporated guns, weapons, military equipment and parts thereof into the list of goods to be restricted and controlled when transported across the State borders;
- On 25 October 2002, the Government of Mongolia renewed and adopted in its resolution 219 (2002) the list of code-named goods subject to licensing while transported across the State borders, and the procedure for export, import and licensing of goods to be transported across the State borders under State control. Thus, for example, the Ministry of Industry and Trade (now the Ministry of Economic Development) is in charge of taking action on applications for the import of non-military firearms, weapons and other military equipment, and parts thereof. Permission from the State Professional Control Office would be required for the export of uranium. Authority for granting consent for the export of toxic chemicals rests with the Ministry of Environment;
- The 2006 law on toxic and hazardous chemicals prohibits the export, import and transportation across the State borders, as well as the production, storage, sale, purchase, transportation, use and transfer to others, of toxic and hazardous chemicals for use in chemical weaponry (article 8.3).

Since 2006, other legislative acts, which are in line with the provisions of resolution 1718 (2006), have been adopted by the Parliament of Mongolia. Thus, on 8 July 2006, the Parliament of Mongolia adopted a law on combating money-laundering and terrorism financing. This law provides that private individuals and legal persons may report to the Financial Intelligence Unit any transaction that they suspect to be related to money-laundering or terrorism financing, or any cash and non-cash transactions of 20 million togrogs (or equivalent foreign currency) or more. The Financial Intelligence Unit may monitor and suspend the transaction if there are grounds to suspect that it has or will be made by clients for the purpose of money-laundering or terrorism financing.

On 16 July 2009, the Parliament of Mongolia adopted a law on nuclear energy. Article 33.1 of this law prohibits the development, production, possession by other means and control of stockpiles of nuclear material for weaponry purposes on the territory of Mongolia. Pursuant to article 33.2 of the law, it is also prohibited to transport nuclear materials for use in weaponry across the State borders of Mongolia and through its territory.

Following the adoption of resolution 1718 (2006), the Ministry of Foreign Affairs of Mongolia informed the relevant ministries and other government institutions of their obligations under that resolution, including the restrictions concerning the export of certain conventional arms and related materiel covered in its paragraph 8 (a) (i), and of the weapons-of-mass-destruction-related goods and dual-use equipment items listed in documents S/2006/814, S/2006/815 and S/2006/853 (these lists have since been updated). The Customs General Administration, which is the authority enforcing sanctions, has ordered its affiliates not to permit the export to, import from and transit through the Democratic People's Republic of Korea of items and services covered by the Security Council resolutions and documents mentioned above.

Upon instruction from the Ministry for Road, Transport and Tourism, the Executive Director of the Mongolian Shipping Company based in Singapore has

alerted the masters of all Mongolian-flagged vessels, in particular of those warranting special attention, to their obligations under resolution 1718 (2006), and ordered them to abide strictly by its provisions and to undergo international inspections voluntarily.

Following the same procedure, measures were taken to inform relevant ministries and other governmental institutions of resolutions 1874 (2009), 2087 (2013) and 2094 (2013) and of their obligations thereunder.

In 2009, an attempt was made in Mongolia to sell grounded MiG-21 PFM fighters, and later their engines and other parts, to the Democratic People's Republic of Korea, but the relevant authorities of Mongolia successfully intercepted the deal. This sale would have violated not only the relevant Security Council resolutions, but also the 1979 agreement with the Russian Federation (as successor to the former Union of Soviet Socialist Republics), which prohibits the sale or transfer of military equipment or hardware to any third country without the prior approval of the Russian Federation. The individuals involved in this case were charged in January 2014 and sentenced to 3.5 to 7.1 years of imprisonment. The grounded fighters were dismantled and their body parts destroyed. Their engines and other parts were cut into pieces and are currently stored in a special warehouse at a former military airbase.

Members of the Panel of Experts established pursuant to resolution 1874 (2009) visited Mongolia from 3 to 5 March 2014. They had a series of meetings with the representatives of relevant ministries and agencies of Mongolia, and had the opportunity to visit the warehouse in which the remnants of the 32 fighter engines and other parts are kept. A report on this incident was sent to the Committee in March 2014.

The Ministry of Foreign Affairs has also alerted the relevant ministries and governmental institutions to the provisions of resolution 1718 (2006) relating to luxury goods. Since there is no officially approved list of luxury goods in Mongolia, for the purposes of resolution 1718 (2006), Mongolia will abide by resolution 2094 (2013), which provides that the term "luxury goods" includes, but is not limited to, the items specified in its annex IV.

In accordance with the respective provisions of the Security Council resolutions, continuous efforts have been made to prevent the direct or indirect supply, sale or transfer to the Democratic People's Republic of Korea of any item, upon its determination, that could contribute to prohibited programmes or activities or evasion of sanctions. The Customs General Administration oversees the implementation of these provisions. According to its statistical data, the total value of exports to the Democratic People's Republic of Korea in 2013 was $724,300, over 70 per cent of which was for wheat.

2. **Prohibit the procurement from the Democratic People's Republic of Korea of:**

(a) **All arms and related materiel;**

(b) **Nuclear, ballistic missile or other weapons-of-mass-destruction-related items or technology;**

(c) **As called upon and allowed, prevent the procurement from the Democratic People's Republic of Korea of any item, upon its determination,**

that could contribute to prohibited programmes or activities or evasion of sanctions.

Mongolia does not purchase or import from the Democratic People's Republic of Korea any weapons or related materiel. The procurement of nuclear, ballistic missile or other weapons-of-mass-destruction-related items or technology is prohibited by the national legislative acts and regulations mentioned above.

Mongolia has joined major international frameworks aimed at promoting the non-proliferation regime and continues to fully implement its obligations under the relevant multilateral agreements, such as the Treaty on the Non-Proliferation of Nuclear Weapons (ratified by Mongolia in 1969), the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction (ratified in 1972), the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction (which entered into force in Mongolia in 1995), the Comprehensive Nuclear-Test-Ban Treaty (ratified in 1997), the Convention on the Physical Protection of Nuclear Material (which entered into force in Mongolia in 1987), etc. It should be highlighted in this respect that article 10.3 of the Mongolian Constitution (1992) provides that the international treaties to which Mongolia is a Party become effective as domestic legislation upon the entry into force of the laws on their ratification or accession.

Mongolia does not purchase from the Democratic People's Republic of Korea any item that could contribute to prohibited programmes or activities or evasion of sanctions. According to the statistical data provided by the Customs General Administration, the total value of imports from the Democratic People's Republic of Korea was $679,800 in 2013, 74.1 per cent of which was for medicaments in measured doses and 24.6 per cent for food products.

3. **Prevent the transfer to or from the Democratic People's Republic of Korea of financial transactions, technical training, advice, services (including brokering or other intermediary services) and assistance related to:**

(a) **All arms and related materiel (except for small arms and light weapons to the Democratic People's Republic of Korea);**

(b) **Nuclear, ballistic missile or other weapons-of-mass-destruction-related items or technology;**

(c) **Any item, upon its determination that could contribute to prohibited programmes or activities or evasion of sanctions.**

Pursuant to the approval by the Parliament of Mongolia of the law on combating money-laundering and terrorism financing on 8 July 2006, a Financial Intelligence Unit was established within the Bank of Mongolia. The core function of the Unit is to receive reports on suspicious transactions from financial institutions, individuals and other entities, to analyse them and to disclose the results to the local law-enforcement organizations and financial intelligence units in other countries to combat money-laundering.

Within the framework of its functions, the Financial Intelligence Unit oversees the implementation of the Security Council resolutions imposing sanctions against the Democratic People's Republic of Korea. Representatives of the Bank of

Mongolia briefed members of the Panel of Experts on the Unit's activities during their visit to Mongolia from 3 to 5 March 2014.

4. **Prohibit the transfer of any items if a designated individual or entity is the originator, intended recipient or facilitator of the item's transfer; in accordance with its national legal processes, freeze funds, other financial assets and economic resources owned or controlled by, and ensure that none are made available to benefit designated individuals or entities, those acting on their behalf or at their direction and entities owned or controlled by them.**

As stated in the incident report mentioned above, during the investigation of the attempted sale of MiG-21 fighters, their engines and other parts to the Democratic People's Republic of Korea, it was determined that there remains $679,800 to be paid back by the accused individuals. Pursuant to resolution 2094 (2013), and following the recommendations of the Panel of Experts, measures are being taken to prevent the transfer of these assets back to the Democratic People's Republic of Korea (or "to freeze" them).

5. **Prevent entry or transit of designated individuals and their family members, of any individual working on behalf or at the direction of a designated individual or entity or violating the sanctions or assisting in their evasion, and with certain exceptions stipulated in relevant resolutions, expel such an individual if he or she is a national of the Democratic People's Republic of Korea consistent with applicable national and international law.**

The relevant border control authorities have been informed of resolutions 1718 (2006), 1874 (2009), 2087 (2013) and 2094 (2013) and of their obligations thereunder.

6. **Prevent the provision of financial services, or transfer of any financial or other assets or resources, including bulk cash and through cash couriers, which could contribute to the prohibited programmes or activities of the Democratic People's Republic of Korea, or to the evasion of sanctions, and exercise enhanced vigilance in this regard.**

The relevant ministries, government agencies and financial institutions have been informed of resolutions 1718 (2006), 1874 (2009), 2087 (2013) and 2094 (2013) and of their obligations thereunder.

7. **As called upon, prohibit:**

(a) **Banks of the Democratic People's Republic of Korea from opening new branches, subsidiaries, or representative offices; establishing new joint ventures; or taking an ownership interest in or establishing or maintaining correspondent relationships with banks in a State's jurisdiction, if the State has information that provides reasonable grounds to believe these activities could contribute to the prohibited programmes or activities of the Democratic People's Republic of Korea, or to the evasion of sanctions;**

(b) **Financial institutions from opening representative offices or subsidiaries or banking accounts in the Democratic People's Republic of Korea if the State has information that provides reasonable grounds to believe such financial services could contribute to the prohibited programmes or activities of the Democratic People's Republic of Korea, or to the evasion of sanctions.**

No branch, subsidiary or representative office of any bank of the Democratic People's Republic of Korea is open in Mongolia. Similarly, the financial institutions of Mongolia do not have representative offices, subsidiaries or banking accounts in the Democratic People's Republic of Korea.

8. **Not provide public financial support for trade with the Democratic People's Republic of Korea that could contribute to its prohibited programmes or activities, or to the evasion of sanctions.**

The relevant ministries, government agencies and financial institutions have been informed of resolutions 1718 (2006), 1874 (2009), 2087 (2013) and 2094 (2013) and of their obligations thereunder. No public financial support has been provided for trade with the Democratic People's Republic of Korea that could contribute to its prohibited programmes or activities, or to the evasion of sanctions.

9. **As called upon, not enter into new commitments for grants, financial assistance or concessional loans to the Democratic People's Republic of Korea, except for humanitarian and developmental purposes, or the promotion of denuclearization.**

The relevant ministries, government agencies and financial institutions have been informed of resolutions 1718 (2006), 1874 (2009), 2087 (2013) and 2094 (2013) and of their obligation not to enter into new commitments for grants, financial assistance or concessional loans to the Democratic People's Republic of Korea, except for humanitarian and developmental purposes, or the promotion of denuclearization.

10. **Inspect in the State's territory all cargo to or from the Democratic People's Republic of Korea, or brokered or facilitated by the Democratic People's Republic of Korea or its nationals, or by individuals or entities acting on their behalf, if the State concerned has information that provides reasonable grounds to believe the cargo contains prohibited items.**

The relevant ministries and border control and Customs authorities have been informed of resolutions 1718 (2006), 1874 (2009), 2087 (2013) and 2094 (2013) and of their obligations thereunder, including those related to the inspection of all cargo to or from the Democratic People's Republic of Korea, or brokered or facilitated by the Democratic People's Republic of Korea or its nationals, or by individuals or entities acting on their behalf, if they have information that provides reasonable grounds to believe the cargo contains prohibited items. There has been no case registered in this regard.

11. **Under certain conditions and with certain exceptions, inspect vessels on the high sea and prohibit the provision of bunkering services to the Democratic People's Republic of Korea vessels if the State has information that provides reasonable grounds to believe their cargo contains prohibited items.**

Mongolia is a landlocked country. But it has over 280 foreign vessels carrying the Mongolian flag on the high sea. Following the adoption of resolution 1718 (2006), the Executive Director of the Mongolian Shipping Company based in Singapore alerted the masters of all Mongolian-flagged vessels, in particular of those warranting special attention, to their obligations under that resolution, and ordered them to abide strictly by its provisions and to undergo international inspections voluntarily. Some vessels of the Democratic People's Republic of Korea

had been carrying the Mongolian flag before resolution 1718 (2006) was adopted. However, their contracts were terminated upon instruction from the Minister for Road, Transport and Tourism. Today, there is no Mongolian-flagged vessel from the Democratic People's Republic of Korea.

In October 2007, Mongolia signed a Proliferation Security Initiative ship boarding agreement with the United States of America, which entered into force in February 2008. Under this agreement, if a vessel registered by Mongolia is suspected of carrying proliferation-related cargo, either country can request that the nationality of the ship in question be confirmed and, if needed, authorize the boarding, search and possible seizure of the cargo of concern.

Mongolia is committed to more active involvement in the Proliferation Security Initiative. At present, it is in the process of studying and moving forward through its national procedure on the matter of joining the 2005 Protocol to the Convention for Suppression of Unlawful Acts against the Safety of Maritime Navigation. Relevant steps shall also be taken towards accession to the 2010 Convention on the Suppression of Unlawful Acts Relating to International Civil Aviation (the Beijing Convention).

12. **Under certain conditions, seize and dispose of prohibited items found during an inspection.**

The provisions of the Proliferation Security Initiative ship boarding agreement signed in 2007 with the United States shall apply in such cases.

13. **As called upon, deny permission to any aircraft to take off from, land in or overfly a State's territory if the State has information that provides reasonable grounds to believe that the aircraft contains prohibited items, except for emergency landing.**

The relevant ministries and civil aviation, border control and Customs authorities have been informed of resolutions 1718 (2006), 1874 (2009), 2087 (2013) and 2094 (2013) and of their obligations thereunder, including the denial of permission to any aircraft of the Democratic People's Republic of Korea to take off from, land in or overfly the territory of Mongolia if they have information that provides reasonable grounds to believe that the aircraft contains prohibited items, except for emergency landing. There has been no case registered in this regard.

Ulaanbaatar, 25 April 2014